IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF UTAH

NORTHERN DIVISION

Transcript of Hearing on Motion to Amend Complaint

BEFORE THE HONORABLE DEE BENSON

October 14, 2014

Karen Murakami, CSR, RPR 8.430 U.S. Courthouse 351 South West Temple Salt Lake City, Utah 84101 Telephone: 801-328-4800

APPEARANCES OF COUNSEL:

For the Plaintiffs: EISENBERG GILCHRIST & CUTT

By Robert G. Gilchrist
Attorney at Law
900 Parkside Tower
215 South State Street
Salt Lake City, Utah 84111

For Defendant PADI: STRONG & HANNI

By Roger H. Bullock Spencer Brown Attorneys at Law

Suite 800

102 South 200 East

Salt Lake City, Utah 84111

For Defendant W LAW

Blue Water: By Gainer M. Waldbillig

Attorney at Law

Suite 930

405 South Main Street

Salt Lake City, Utah 84111

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Salt Lake City, Utah, Tuesday, October 14, 2014
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                THE COURT: Good afternoon. We're back in
    Tuvell v. Boys Scouts, 12-cv-128, and what the court has
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    before it is Plaintiffs' Motion for Leave to File First
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    Amended Complaint. And this is opposed by the
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    defendants Blue Water Scuba, Lowell Huber, and Corbett
    Douglas. And I need to know who represents whom. Would
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    you mind just standing here first and tell me.
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                MR. GILCHRIST: Certainly, Bob Gilchrist for
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    the plaintiffs, Your Honor.
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                THE COURT: Thank you, Mr. Gilchrist.
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                MR. WALDBILLIG: Gainer Waldbillig for the
    Blue Water defendants, Huber, and Douglas.
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                THE COURT: All right. Thank you.
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                MR. BULLOCK: Roger Bullock and Spencer
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    Brown for PADI, Professional Association of Dive
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    Instructors.
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                THE COURT: Thank you. And I think it's
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    fair to say that PADI agrees with the motion, correct --
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                MR. BULLOCK: That's correct.
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                THE COURT: -- Mr. Bullock?
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                All right. Let me hear your arguments.
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    It's your motion, Mr. Gilchrist.
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                MR. GILCHRIST: Thank you, Your Honor.
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It's an intriguing issue.
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                THE COURT:
                MR. GILCHRIST: It is. I'm local counsel in
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    this case, which is neither here nor there.
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                THE COURT: Have you ever had this come up
    before?
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                MR. GILCHRIST: Never had. Everybody I've
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    released out of the case has always kind of said, good
    riddance and good-bye, and they've wanted to be done
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    with this.
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                THE COURT: Is your client doing this only
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    because it agreed to in the settlement agreement?
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                MR. GILCHRIST: Only because they agreed to
    it?
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                THE COURT: What other reason would the
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    plaintiff have for letting PADI come in and defend
    itself against a claim of apportionment liability from
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    Blue Water?
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                MR. GILCHRIST: PADI said they would do it,
    and to have someone else standing here, rather than an
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    empty chair defending is better for us, so I guess
    that's another way of saying yes to what you said.
                                                        But
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    there's a little bit more to it than --
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                THE COURT:
                           Okay. All right.
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                MR. GILCHRIST: We thought it was a good
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    idea once they suggested they would do it.
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THE COURT: Would you mind telling me why

2 you thought it was a good idea? I guess that's my same 3 question. MR. GILCHRIST: Okay. Kind of -- because 4 5 the Blue Water defendants -- I'm sorry, I shouldn't be 6 demonstrative -- will be pointing the finger at PADI 7 saying it's their fault, and we will be defending the 8 empty chairs, everyone always says. So in this case, it 9 won't be an empty chair because they will be able to stand up and say, no, it isn't all our fault like Blue 10 11 Water is saying, here's what we did, here's what they 12 did. So for us to have someone fill that chair is 13 better than an empty chair. 14 THE COURT: Fair enough. And you think the 15 statute let's you do this. 16 MR. GILCHRIST: I do, in reading it. 17 Boy Scouts don't want to stay in this case, so they 18 settled like 99.9 percent of other defendants I have 19 settled with and are gone. But it says 78B-5-821 the 20 person seeking recovery, which is us, or any defendant, 21 may join the defendants for -- to determine their 22 respective proportionate share of fault. I've never 23 done it, I've never heard of anybody doing it, but it 24 clearly says that we can do it. So if defendants can do 25 it, plaintiffs can do it, and --

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THE COURT: You're not seeking recovery from
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    the party you're bringing in.
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                MR. GILCHRIST: We're not. We're seeking,
    as the statute says, to have determined their respective
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    proportions of fault. I would have worded it a little
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    differently, proportionate share of fault, but
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    proportions of fault. Yes, that's all we're seeking.
    The same thing that Blue Water and Huber, they're
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    seeking to put them on the verdict for their
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    determination of their percentage of fault, we're doing
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    the same thing that they want to do. They're going to
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    be on the verdict. So we're just saying that they want
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    to defend themselves then they were figuring out a way
    for that to occur and that is through the statute that
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    says they can do it. We can ask them -- ask the court
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    to do it, just like Blue Water is asking, it's the same
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    verdict that they want. They just want an empty chair
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    and we want someone defending the chair, it's as simple
    as that, and the statute gives us that right.
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                THE COURT: All right. Thank you.
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                MR. GILCHRIST: You're welcome.
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                THE COURT:
                           Mr. Waldbillig?
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                MR. WALDBILLIG: And I have never in my 30
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    years ever seen anybody do this before either, even
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    though in the old days I remember filing contribution
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claims and it was joint and several there.

THE COURT: That's where I began too, so the whole thing is new. This concept is new to me.

MR. WALDBILLIG: Well, it's -- my first thought was, and the court wasn't here, but I thought it was aligned really well when PADI was sitting right there before they moved because I thought that's exactly what they're trying to pull here is they're going to be a plaintiff in the lawsuit going forward, if this is allowed, with no risk, no loss, nothing. They just get to come in here and help the plaintiffs, which leads me to wonder what else is there in this settlement that we don't know about? Who prepared the briefs? Who is going to pay the expert witnesses? At some point it starts to wonder what else has gone on.

And the reason I'm suspicious, and I wouldn't have been, except what happened at the settlement agreement a little earlier when we went through this whole process and who's pushing it and who isn't, it makes me wonder really what is going on behind all of this because what the plaintiff is doing makes less than zero sense, if that's possible. There is no reason for them to do it, there is no possible benefit they could have for it, they've got to defend their claim against us, now they've got PADI to help them

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    throw us under the bus. Think about the big picture,
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    only after they now ask the court and wipe out all the
    allegations, all the judicial admissions that we made in
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    our original complaint about PADI, and my clients were
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    their agents and they worked for them, throw all those
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    causes of -- get all that out of there, now we'll
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    sanitize the complaint and we'll throw PADI back in.
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                And take a look at -- for instance, let me
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    just take -- we know the undue delay and prejudice, but
    justice so requires, justice so requires that this
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    motion be dismissed. There's no justice in what's going
    on here. This is an end run around the settlement
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    agreement that they argue, well, it didn't release this
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            That's not what the settlement agreement said,
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    Your Honor. Do you have a copy of it, or can I hand one
    up you? We can look at a few provisions of it.
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                THE COURT: Do you refer to it in your
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    brief?
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                MR. WALDBILLIG: We do in some of it, but
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    finding the page would be harder than just giving you
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    the actual agreement.
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                THE COURT: Okay. Hand it up then.
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    don't have an extra copy for Jordan, do you, my clerk?
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                MR. WALDBILLIG: Do you guys have a copy of
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    this?
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MR. BULLOCK: I do. 1 2 MR. WALDBILLIG: You know, let's just take 3 the very first sentence, the very last clause of it, settles all claims. Let's go down under the provision 4 that says claims released. 5 THE COURT: It says settles all claims for 6 7 damages. MR. WALDBILLIG: All claims of the estate 8 9 for damages arising out of. So it's all claims for 10 damages. So that means they have no interest in 11 anything at risk in this case when you talk about 12 there's no case in controversy. 13 THE COURT: But they say this isn't a claim for damages, this is a claim for apportionment. 14 15 MR. WALDBILLIG: And go down underneath where it says claims released, and I'm going to read the 16 17 provision, For and in consideration of the payments set 18 forth below, claimants in each of them release and discharge all claims and causes of action against 19 20 released parties, including -- this is no -- what we cut 21 out, apportionment, we cut out something else out of 22 this, it is every cause of action. So whether you call 23 it a claim or a cause of action, they -- if you go to 24 their proposed amended answer, if you want to take a 25 look, do you know what they captioned the claim against

PADI? Cause of action.

If you don't mind, Your Honor, I can hand this up as well. And if it's not -- they call it a cause of action, but if you take a look at paragraph 46, they even reference the settlement agreement. Oh, we settled all our claims, including all causes of action, we were done with all of this claim, but they called it a cause of action, the exact same thing that PADI was completely released from and that they are now trying to bootstrap around.

And if you look down at the next paragraph in the settlement agreement, the next one is all claims, causes of action, demands, as set forth in the certain complaint, in other words, the complaint filed in this action. These aren't limiting. These folks say we get to keep our apportionment cause of action that we're now trying to assert. They're gone. How is justice pursued by letting them circumvent claims they never had to let PADI come in and now pursue the claims, perhaps provide the expert witnesses, and the rest after they've sanitized the complaint of all the allegations they had against them and all the judicial admissions that they've made in the underlying complaint and now discovery's a month from the end we've all been using during the depositions and the discovery in this case?

There is not any justice when you consider what the release said and what they're now trying to bootstrap into an apportionment cause of action.

But if you really want to see even more, if you turn to page 7 of their reply memorandum, it's really telling. I didn't make a copy of this, so I'll just read what they said on page 7. They're discussing our argument about it being brought in bad faith, the very first paragraph. And so Blue Water next argues, and then the sentence goes, this argument ignores the language of the statute --

THE COURT: You need to slow down, generally, but especially when you're reading. I don't think there's any way the court reporter is getting everything you're saying.

MR. WALDBILLIG: They state right in their memorandum the fact that while plaintiffs do not believe PADI was at fault, they don't believe it. There's something going on here that has nothing to do with justice. It has to do with some deal that's going on between PADI and the plaintiffs of which I don't know that the terms have been disclosed about what's going on, but that's not how we do things. You must disclose all of those terms. They don't believe they're at fault. The settlement agreement says that they have

released all causes of action. It doesn't limit it, it says everything in the world, and including a whole bunch of other things. And yet they still come forward today and say, yes, but this is in good faith that we can do this, yes, this is what should be done, this is how you allow an empty chair to have their chance to come forward. The empty chair had a chance to come forward. It didn't have to settle, it could have stayed here and presented its case if it wasn't at fault.

There was a whole complaint against them. But instead there was a little get-together in figuring out a way in which they can take all the risk they have, no risk, no downside to any of this, but they can stay and help the plaintiffs point at Blue Water. That's not justice in any sense of the term.

And when you allege what they allege, and they say -- you've got to say they're at fault, first you've got to seek recovery under the statute, but even if you get past that, now they allege, well, you're really not at fault, we really don't believe it, we've settled all our claims, but we're going to apportion fault? You can't -- you say that with a straight face? I have a hard time saying that there's justice requires that we do this, when you throw on top of that -- you notice the Boy Scouts aren't here, too, by the way,

they're not here trying to stick their nose in this like every other defendant I've ever seen that gets out of the case. So there is no cross-claim, there's no cross-claim that exists, we didn't sue PADI, so all we did was an affirmative defense, which is required under the statutes and the federal local rules to have the fault apportioned. So I have to ask, what's their motive, what's the plaintiffs' motive.

I don't even know that PADI has standing to stand up here and ask for this since they're really not the party here. It's the plaintiffs making the motion, we opposed it, they didn't oppose it, and joined in it. But I suspect they have a reason why they're here, even though I'm not sure they have standing to even be in court in light of the court's previous rulings.

Now, we talk about even the undue prejudice. The sanitized complaint, and I think we attached to the briefing we did kind of an outline of what they took out, they sanitized it, they took out all their judicial admissions that we would use to show that in fact, the facts of this case, both of my clients were volunteers for the Boy Scouts and/or agents of PADI, therefore, even if you have recovery against them, we should be addressing the issues of the agency and the volunteer statute, which now the two parties involved have both

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settled out and paid a bunch of money. But they took all those out, they sanitized it because that wouldn't look good if you had PADI back in here. And now you've got to assert these allegations, so you sanitize it, you take them out, you take out all the judicial admissions and say they didn't count. That's not the way it should work. They made those requests, we relied on them --THE COURT: Would you be able to use those, I assume you would, in the presentation of your case? MR. WALDBILLIG: Well, when you do an amended complaint, and I didn't find one of these, sort of like this new ground of adding basically a plaintiff in the case, I didn't find anything in my quick look that said when you amend the complaint and it takes over and it relates back and there's your complaint, what do you do with the old one. Are they judicial admissions or are they not judicial admissions when they throw them out of the new complaint? THE COURT: I don't know what a judicial admission would say. MR. WALDBILLIG: That there's -- and, I'm sorry, I didn't bring the case law, but there are a lot of cases that declare your pleadings and the factual allegations in your complaint are your judicial admissions that you can't run from. In other words,

1 they're now admitted for purpose of this case. So when 2 I say "judicial admissions," I'm saying their pleadings and their factual allegations they can't now deny them. 3 If you allow them to amend their complaint, oh, they're 4 5 not in there. THE COURT: That's exactly my question. Ιt 6 7 would seem to me you would still be able to -- if you 8 have a representative of the plaintiffs on the witness 9 stand to talk about the fact that they at one time had 10 alleged that PADI was in a count, or whatever they said 11 in the original complaint that isn't in the amended 12 complaint, am I wrong about that? 13 MR. WALDBILLIG: Well, first I don't think any representative I could ever put up of the Tuvells 14 15 could ever talk about the complaint because my 16 experience is that clients never even read the 17 complaint, it's lawyer stuff, which is why the court --18 THE COURT: The claim's being made by the 19 client, and you would want the jury, I assume, to know 20 that at one point in time they had alleged that -- I 21 don't know if they said you were exclusively a 22 volunteer, but whatever it is, it would seem to me they 23 can't, just by amending their complaint, eliminate it from a fact. 24 25 MR. WALDBILLIG: Well, they will allege

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that's not their complaint anymore and that's not their allegations. And my response is once they've made that, the courts call it a judicial admission, I shouldn't make it judge admission, but the case law makes it called a judicial admission, and once it's in your pleadings and you've alleged it, you're stuck with it, you can't now change your course and come around. they have taken all those out, they've sanitized anything that would have pointed back to PADI, they've taken out all causes of action against PADI, they've taken out everything against PADI, and then they admit we've settled with them, we really don't think they are at fault. And yet they come in here and say please let us amend the complaint to add PADI back in as a plaintiff so that they can pursue their claims and help us go after you with no risk, no liability, no case in controversy between the plaintiffs and them in the fact that they're completely released of all causes of action, which we're right back to what they did the last time. They now assert a claim, at least we all know what it says, inserting a cause of action against a party they said had no claims or causes of action against them, and they agreed they wouldn't do it. That's futile. And it doesn't -- justice doesn't require that that be allowed in these circumstances.

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The Tuvells are going to be faced with my client's claim they were volunteers. They didn't get 3 paid for what they did. They didn't have a contract. That contract had terminated, they weren't paid for it, 4 5 and the Boy Scouts and PADI were the ones that 6 registered and used, therefore it's in their procedures, 7 and my clients volunteered for them. And we're going to claim the volunteer statute. And now taking out the 8 9 exact things of which we can use to show that's true is 10 defeating something we've been relying upon since the beginning of this case. 11 12 Ultimately they released it, they new they released it, they claimed they wouldn't do this, they've 13 done it again, and justice doesn't require that this 15 court let them sanitize their complaint and bring in 16 another plaintiff to help fund the litigation against my clients. 17 18 THE COURT: All right. Thank you, 19 Mr. Waldbillig. 20 Mr. Bullock, please. 21 MR. BULLOCK: Thank you. May it please the 22 court, counsel. It is inevitable that PADI's fault will 23 be litigated at trial. Everybody agrees that that issue 24 is important and necessary. The question is whether 25 PADI can have the opportunity to participate as a party

to defend itself on that issue.

At the hearing in April the court had some questions which we want to address hopefully to the court's satisfaction. The court raised the question how can you have a cross-claim against a party that is not a defendant? Whether PADI can have a chair that it can occupy during the trial to defend itself, I don't know, I'm not ruling on that. And the court was glad to entertain motions or requests about the right of an entity to defend itself when it has become a nonparty to the extent that anyone wants to bring them, and that's what Tuvell has done. And, as a matter of fact, PADI agrees that this procedure is correct. The answer to the court's concern is that Section 821 provides the substantive rule allowing this joinder.

As an aside, in the Corporation of the Presiding Bishop v. Clean Carpet case Judge Campbell decided that this was the way to go, understanding that that's not controlling on this court, but it may be helpful.

We know that the first rule in interpreting a statute is the plain meaning of the words of the statute. Section 821 is not limited to existing parties. It says, A person seeking recovery, Tuvell in the case, may join as a defendant any person for the

purpose of having determined their respective
proportions of fault. The section does not in any way
limit the person seeking recovery, Tuvell, to join
persons Tuvell intends to claim damages against.
Rather, the statute says for the purpose of having
determined their respective proportions of fault. What
it does not say is for the purpose of seeking damages.
So the section clearly seems targeted at providing a
mechanism for joinder as a defendant for allocation of
fault with no accompanying damages claim.

As a party, PADI should be entitled to

As a party, PADI should be entitled to participate to the extent that the Federal Rules provide for rights and duties of parties. Important, PADI's presence as a party will not deprive Blue Water of any opportunity to adduce evidence and make arguments which it would otherwise have. We've heard from Blue Water about the release. However, that's not available to Blue Water. The release is a contract between the parties to it, Tuvell and PADI, and Blue Water was not a party or an intended beneficiary. The release belongs to PADI to invoke as a defense, if it wishes to do so, and Blue Water is a stranger to it.

If the court is inclined to look at the release, the release does not prevent Tuvell's motion.

Again, the release is a contract. The first rule of

interpretation of contracts is to interpret all provisions harmoniously, if possible, in a way which gives meaning to all provisions and leaves no part of the contract meaningless. As the court has correctly observed, the reference to settlement of all claims is in the same sentence as the reference to damages. And wherever settlement of claims and causes of action is mentioned throughout the release, it's in close proximity to damages, and that's what's being released.

On the other hand, there is a very explicit paragraph which the parties evidently thought was so important that they put it in bold face, PADI desires and intends to remain a party to this action, to the extent the court will allow, in order to defend the professional reputation of PADI and to defend and represent PADI employees and agents who may be witnesses in this action. So there's really no ambiguity, no misunderstanding about the intent of the release when it's read in its entirety.

We have seen two recent awards, one was a jury verdict and one was a trial to the court in federal court in recent years, for the death of a child, and they were both perhaps, I don't know if it's a coincidence, in the amount of \$3 million. So given the opportunity to buy its peace for \$800,000, PADI --

PADI's decision was reasonable.

I agree it's unusual for a defendant to want to stick around. My experience is the same, as we've heard, they want nothing more than to skate off into the sunset. But the mechanism exists, the statute says what it says.

I could imagine instances like this one, and my imagination is not terribly broad, but I thought, okay, pharmaceutical litigation, which occurs repeatedly involving the same products, tire accident litigation, medical product litigation, and I'm sure there are more and better examples of where this rule would be -- could be and should be applied to benefit to a good result.

And I must speak to the implication that there's any further side deal or secret agreement. I'm not aware of any such thing. It seems to me that if Blue Water is genuinely suspicious, they can conduct discovery on that issue if they want to. There's no end run, there's no evidence of any end run, so it doesn't seem reasonable to suggest an end run, no secret terms.

The law favors settlements, including presumably partial settlements. We do think we're the good guys here, we're trying to move it in a healthy direction. What is sought is reasonable, the statute expressly explicitly allows it. Another district court

thought it was the way to go, and the motion should be 1 2 granted. 3 THE COURT: All right. Thank you, Mr. Bullock. 4 5 Mr. Gilchrist. MR. GILCHRIST: Thank you, Your Honor. 6 7 briefly, not to rehash things, but the facts are what they are. If they were volunteers, in which we 8 9 adamantly deny because they received money, then they're 10 volunteers, and they'll get out of the case as 11 volunteers. They want to use, they being Blue Water, 12 the same verdict form that we do, you know, list PADI on 13 it. They haven't said they don't want PADI on the verdict form, they just don't want PADI to participate 14 15 in regards to defending themselves as PADI wants to do. The settlement agreement says that it is the entire 16 17 agreement between the parties. There is no other 18 agreement, there's no you-get-some-money-back agreement 19 or some kind of Mary Cutter agreement or anything other 20 than what's in this agreement. As Mr. Bullock said, it's included in the agreement that PADI wants to remain 21 22 in the case to defend its reputation. My understanding 23 is there's a number of cases throughout the United 24 States involving these similar defendants, at least the 25 insurance company for Blue Water and PADI, and Mr. Hall

represents a few plaintiffs, and so that's why the 1 reputation and how they align and fight these things 2 3 impacts in this case and why they want to stay involved in this case. 4 The original complaint exists. If we allege 5 6 something in there they can bring that to someone's 7 attention. It doesn't magically go away. If we amend, if that was the case, I would amend a lot of complaints 8 9 because I've made a few mistakes in what I've pled. 10 That's what I would think. THE COURT: 11 MR. GILCHRIST: Yeah, I wish that was true. 12 It would be a good way to write things out. I don't 13 know how justice will be any different if PADI is on the verdict form like they want or like we want, and PADI 14 just has the ability to defend itself. 15 16 THE COURT: Does that mean that PADI would 17 have the ability to call witnesses just like any other 18 party, even though it's in kind of this odd status as a 19 party against whom liability isn't being sought by 20 anybody, it's just there for allocation of fault, and so 21 do they have all the rights of any party because you're 22 going to sue them for this limited purpose? 23 MR. GILCHRIST: They remain a party, I would 24 think they would. That's an interesting question. 25 There's other things that could tie into that, where

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they sit for one thing.
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                THE COURT: A sort of quasi party.
                MR. GILCHRIST: Yeah. But the statute says
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    they can be added for that purpose.
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                THE COURT: It could have been more cleanly
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    written, it seems to me.
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                MR. GILCHRIST: I agree. It should say
    proportionate share of fault, rather than proportions,
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    but that's just picking the language.
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                THE COURT: And even to add the words for
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    which recovery is sought. There is no recovery sought
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    by you now against PADI.
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                MR. GILCHRIST: Any other person who caused
    or contributed to the injury or damages for which -- it
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    is the injury for which recovery is sought, that's what
    the injury is. It can't be something unrelated, but,
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    right, it's poorly worded.
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                THE COURT: Unless you -- unless that
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    pertains only to the any person, other than a person you
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    knew who caused the injury or damage for which
    recovery -- I just think it could have been a little
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    cleaner to say exactly what you're saying it says.
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                But tell me this, and I'm probably just too
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    curious, I'm not saying it's going to matter a lot, but
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    as a sort of a practical matter and a fairness matter if
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a plaintiff gets hurt and the injury is caused by, let's say, two different actors, let's say a person gets hurt because they're standing on the side of a road and two cars collide, and one of them runs a red light and the other one then got crashed into by the one that ran the red light and then the crash pushes into the individual and that individual ends up hurt and it sues both of them. I'll call the party that ran the red light A and I'll call the party that got hit by the party that ran the red light B. And so the plaintiff sues and alleges negligence on both of the parties' parts. There's a stronger case by anyone looking at the evidence, any objective look, is against the person A who ran the red light. But they also have this sort of softer claim of negligence against the other one for not keeping a proper lookout or something like that, or maybe going a little too fast, maybe above the speed limit, so you've got something on them, even though they did have the green light and they were entitled to go through, but the notion is if they had been keeping a better lookout or going the speed limit, they wouldn't have been in the intersection, and so you had a combination of two negligent acts which -- from which produced a crash and which caused injury to the plaintiff, right? MR. GILCHRIST: Yes, gotcha.

THE COURT: Okay. So then let's say that 1 2 the plaintiff settles with defendant A. 3 MR. GILCHRIST: Red light. THE COURT: The red light runner for a 4 5 million dollars. Now, they've only got the case left 6 against B, but A wants to come in and defend itself, or 7 himself, which is exactly what would be happening here. And the plaintiff suddenly is not pursuing with any 8 9 vigor any claim against A at trial, but, oh, yeah, maybe 10 he ran the red light, but it wasn't that bad, it had 11 only been red for a little while or something, anyway 12 takes an entirely different tact than the approach they 13 had been taking before when they were contemplating 14 bringing a lawsuit and trying the case against both of 15 these two parties. In that kind of a circumstance how 16 much does the jury get to know? Is the jury entitled 17 then, do you think, to be told about the fact that, you 18 know, the plaintiff is being a little inconsistent here, 19 in fact a lot inconsistent. Before, the case against B 20 was just sort of a tagalong, in fact the big percentage 21 of fault was going to go to A, and you, jury, should 22 understand that the reason the plaintiff is so 23 inconsistent now with the position they took in their 24 original complaint and their original approach to this 25 case is because they settled with A for a million

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dollars. What do you say to that?
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                MR. GILCHRIST: That happens all the time,
3
    except you can't say the million dollars. The law says
    that's why they're here because they settled for -- they
4
    can say a lot of money or they settled -- they just
5
6
    can't say a million dollars, but they can say all that
7
    had happened to me and they can say look at the expert
8
    reports, the expert reports so far say it's all red
9
    light person, but now they're coming in here and they
    won't call that witness, or that witness has changed,
10
11
    and look at their complaint, look at what the
12
    police officers --
13
                THE COURT: The jury can get educated on
14
    that.
15
                MR. GILCHRIST:
                                Oh, yes.
                THE COURT: And they can be informed of the
16
    existence of the settlement.
17
18
                MR. GILCHRIST: Correct. And that's why all
    of a sudden these things have changed, and that's why
19
20
    now, we, the plaintiff's lawyer, is blaming this poor
21
    innocent person who may have been going two miles over
22
    the speed limit, rather than the drunk driver who ran
23
    the red light.
24
                THE COURT: So that's why I say in terms of
25
    fairness, if that's the -- I don't do a lot of these
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Is this here on diversity, or why have I got it? 1 2 So if I did more, then I would know the answer to those questions a little better. Well, that's interesting. 3 It appears that at least Mr. Bullock agrees with you. 4 Mr. Waldbillig seems to be shaking his head, but if he 5 6 thinks that's correct, then he's indicated that he's not 7 going to object to your effort to help the jury understand those kinds of facts. 8 9 MR. GILCHRIST: Well, they get to bring up the fact that this settlement's occurred. 10 11 THE COURT: Yes. 12 MR. WALDBILLIG: Yeah, there's the 13 settlement. It's not all the rest, it's not here's how it was aligned. I can't even imagine a judge allowing 14 15 me to get up and talk about what the motivations were or how the issues got to where they were to now. But take 16 17 your example and say now A sits with the plaintiff and 18 the A helps point at B. A says I didn't do anything wrong, it was really if he hadn't been driving that one 19 20 mile an hour over the speed limit, or if he had just 21 looked up a half second sooner, this would not have 22 happened. So suddenly it's really twisted as to who has 23 the real interest in what's going on in the case and 24 who's really pursuing it. The jury will never get to 25 know that, and they'll object to the end of the world

for me to try and tell the jury how that happened. 1 2 THE COURT: How would you -- why would you 3 be prevented from letting the jury know about that? 4 MR. WALDBILLIG: To lay out what happened in 5 this case and how the parties settled and how they 6 wanted to go about doing it and how the most -- the jury 7 is never going to understand it to begin with. 8 really it's turning the system on top of its head to 9 allow basically two plaintiffs to now pursue one 10 defendant when in reality he was really a defendant until he settled. That's what will happen. 11 It won't be 12 that the plaintiffs' pursuing it, it will be PADI will 13 do all the work and the plaintiffs will sit back and go, thank you, PADI, you're doing a great job in proving our 14 15 case for us, which is what they would have had to do anyway. They would have to prove exactly what PADI did, 16 17 but they want PADI to come on after they've settled and 18 they agreed never to be in conflict. 19 This doesn't have so much to do with the 20 settlement agreement as it does the candor to the court 21 about what's going on here, the fact there's a case in 22 controversy, the fact of whether they can make these 23 allegations in good faith on a factual basis. 24 what we're talking about in terms of this amendment. 25 And they can't do that, and to let this happen -- we'll

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have -- if you do let it happen, but I don't believe a
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2
    jury will ever get it. This is something way above that
3
    level.
                THE COURT: Okay. Thank you.
 4
                MR. GILCHRIST: The jury will understand
5
6
    that we sued PADI originally and he can use now I've got
7
    a complaint and an amended complaint and he can show
    them how inconsistent and when the settlement occurred.
8
    It happens all the time. They say they've settled out,
10
    that's why they don't want to blame -- usually they
11
    don't have the red light sitting there, but always have
12
    them saying it's all his fault, where are they, why
13
    aren't they here today, if they think it isn't their
    fault, blah, blah, blah. It happens all the time,
14
15
    and juries, well, they seem to --
16
                THE COURT: What percentage of fault do you
17
    have to put on Blue Water to get a recovery from them?
18
                MR. GILCHRIST: What percentage --
19
                THE COURT: I'm just trying --
20
                MR. GILCHRIST: Well, if the plaintiff is
    50 percent, then I don't get it. So if they're --
21
22
                THE COURT:
                           You need to get 51 percent?
23
                MR. GILCHRIST:
                               Well, PADI is on the verdict
24
    too because they're going to put them on the verdict.
25
                THE COURT: I'm thinking of that verdict,
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Boy Scouts, PADI, Blue Water.
1
2
                MR. GILCHRIST: If they want the Boy Scouts
3
    still on, which they will, they also want --
 4
                THE COURT: That's just what I'm assuming.
5
    What number do you need to get allocated against Blue
6
    Water in order to get a recovery against them?
7
                MR. GILCHRIST: 1 percent if -- I've got to
8
    keep my hands clear.
9
                THE COURT: It doesn't bother me.
                MR. GILCHRIST: Uh, it bothers me.
10
    percent if the total -- with PADI, the Boy Scouts,
11
12
    whoever else, they've added doctors, they've added the
    other --
13
14
                THE COURT: Okay. I had forgotten about
15
    that.
16
                MR. GILCHRIST: If the plaintiff is less
17
    than 50, then I can get that 1 percent from them.
                                                        Ιf
18
    they're zero, I can't get anything from them.
19
                THE COURT: If you get 1 percent from them
20
    and you're, the plaintiff, is less than 50, how much
21
    does that allow you to collect from that 1 percent?
22
                MR. GILCHRIST: 1 percent.
23
                THE COURT: Only 1 percent.
24
                MR. GILCHRIST: That's why they want PADI on
25
    the verdict, that's why they want the Boy Scouts, they
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want the other child because --
1
2
                THE COURT: Right. But it isn't a joint and
3
    several thing --
 4
                MR. GILCHRIST: No.
                THE COURT: -- like it was 25 years ago.
5
                MR. GILCHRIST:
                               Yeah, it shows both of us --
6
7
    I remember when that's how it was, and then they could
    sue for contribution and cases never ended.
8
                                                  No, 51
9
    percent, if they're 1 percent.
                THE COURT: They only have to pay for their
10
11
    percent.
                MR. GILCHRIST: Yes, whether PADI's standing
12
13
    here or not because they want the Boy Scouts on the
    verdict, they want PADI on the verdict, just everybody
14
    else. That's -- they just don't want PADI to come in
15
    and explain --
16
17
                THE COURT: To defend itself.
18
                MR. GILCHRIST: Yeah. Mr. Waldbillig's a
    good lawyer, so is Mr. Concannon, they'll show what a
19
20
    conspiracy is between us and we're helping each other
    out and what PADI is doing, and the original complaint,
21
22
    and they settled and all --
23
                THE COURT: You at least anticipate a
24
    relatively full illumination of the picture.
25
                MR. GILCHRIST: I would think they would,
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they're pretty good lawyers, and they can do that,
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2
    that's their job. It's always happened with other
    lawyers, lawyers who have lesser abilities than these
3
4
    gentlemen for them to do that. I think they
5
    underestimate their persuasiveness with the jury.
6
                THE COURT: All right.
                                        Thank you,
7
    Mr. Gilchrist.
                Mr. Waldbillig, anything to respond?
8
9
                MR. WALDBILLIG: No.
                                       I think I got my shot
10
    in there in the middle of Mr. Gilchrist's avenue of
    comparing whether they've in fact got a basis to even
11
12
    make the allegation under the statute, whether they can
13
    make it, when they say they're not at fault, but they do
    it anyway, they change all their original complaint to
14
15
    do it. I just think at that point that justice doesn't
16
    require that this court allow them to amend their
17
    complaint to do what is questionable under the release
18
    and under the statute at this point in the case with
19
    less than a month before the end of discovery in this
20
    case, I don't think that justice gets us to that level.
21
                THE COURT: You think it's more just to let
22
    you point your finger at an empty chair that can't
23
    defend itself?
24
                MR. WALDBILLIG: The chair is never empty.
25
    They got their settlement money, they have -- by "they,"
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the plaintiffs, have every incentive, just like in every other case I'm in, to defend the lack of liability of every one of those other defendants, the Boy Scouts and PADI, and everyone else because they don't want us to get 1 percent, they want PADI to get zero, they want the Boy Scouts to get zero, they want the plaintiffs to get zero, and they want 100 percent on Blue Water because then, the only question is how much do they get out of the whole verdict after we take into account all the money they've already collected from all these parties that they've previously had very long allegations of all of their fault, and you superimpose that with one of those party's now also helping the claim that they're not at fault, that it's all Blue Water, that to me is twisting what the purpose of the statute was. plaintiffs are very ample --THE COURT: If they get, let's say, a \$3 million verdict against you, 100 percent against you, and zero against everybody else who's on the form, then they would subtract the 800,000 they paid to PADI (sic)? I didn't get that straight. MR. WALDBILLIG: They also have the money from the Boy Scouts. Yes, that would be our position is is that you don't get to collect twice. THE COURT: Mr. Bullock and Mr. Gilchrist

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1
    don't --
2
                MR. WALDBILLIG: They'll say, but that's not
3
    the case.
4
                THE COURT: You've got them ganging up on
5
    you already because they both had negative sakes of the
6
    head.
7
                MR. GILCHRIST: Then PADI made a really bad
    deal if they paid 800 and they weren't at fault. No,
8
9
    they wouldn't get credit for 800,000. That's the joint
    and several again if that were --
10
11
                THE COURT: That's the only way -- okay.
12
                MR. BULLOCK: That's pretty well
    established.
13
14
                THE COURT: Well, he said it.
15
                MR. WALDBILLIG: They'll argue it.
                THE COURT: Okay. That's later. I
16
17
    didn't -- did I let the doctors stay in? I thought --
18
    didn't we have a motion on that?
19
                MR. WALDBILLIG: They're out. It's only on
20
    the affirmative defense to apportion fault. They're not
21
    a party.
22
                THE COURT: So they will be on the verdict
23
    form.
24
                MR. WALDBILLIG: If the facts come out as
25
    they're coming out in the case, yes.
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THE COURT: That's to be determined? 1 2 MR. WALDBILLIG: They're on it now. I quess 3 when we get to the end of discovery next month and the 4 decisions on motions and the rest, there may be a different decision. 5 6 THE COURT: All right. The best I can do is 7 the best I can do to interpret this Utah statute, and I 8 cannot read it the way Mr. Waldbillig wants me to, nor 9 can I find in the agreement, the settlement reached by 10 the plaintiff and PADI, anything that obligates the 11 plaintiff to not bring this motion for leave to file an 12 amended complaint. In fact, I think it's consistent 13 with their release in their settlement agreement. 14 I also don't think that Mr. Waldbillig's 15 client has standing to complain about whether that 16 settlement agreement and the release was breached or not. Neither side to the contract feels that it's 17 18 And they do have a specific provision breached. 19 recognizing that as far as the law would allow that PADI 20 desires to remain a party in the case, if possible, 21 under the law to defend itself against any allegations 22 of wrongdoing. The statutory provision reads that A 23 person seeking the recovery, and that is the plaintiff, 24 may join as a defendant any person, other than a person 25 in the interim suit, and that's in the next section, any

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person alleged to have caused or contributed to the injury or damage for which recovery is sought for the purpose of having determined their respective proportions of fault. It's not perfectly clear, but I think that it's clear enough that the only proper interpretation is to allow the amended -- to grant the motion and allow the amended complaint to be filed.

I will hold open for any additional comments you want to make today, Mr. Waldbillig, but I want to rule on it now, whether you have any additional comments

rule on it now, whether you have any additional comments to make about your argument that there's something unfair in the way the plaintiffs have removed some of the prior verbiage in their previous complaint. That's a separate issue. I could, I suppose, simply allow the complaint to be amended to allege this new apportionment-only cause of action against PADI, and not, as you say, sanitize it by removing all of the allegations about who is an agent of whom and who was doing what. I'm inclined to let them amend the complaint as they have moved, but I don't think I've heard you out completely on that, or I don't think I understand it completely. Now that I'm letting them add their claim of allocation against PADI, do you have anything additional you want to say on that subject? MR. WALDBILLIG: Your Honor, my only point

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is is that in the original complaint, as we move forward now as a party whose fault is being apportioned, new ground whether they get to be assumed a defendant and they're going to call witnesses and they're going to go to depositions, they're going to do whatever else, I think even if you read the statute as you're reading it and you don't read the settlement agreement to say they can't make the allegations they're making in good faith, at least the allegations that are the basis they're seeking the fault allocation, which is in their complaint, should remain, rather than just throw them all out, which they've made all these admissions as to why they're allocating fault, why PADI's at fault, why the Boy Scouts are at fault, why all these people, we're taking all those out and saying we start anew with an amended complaint that's basically sanitized all of what I call the judicial admissions that we're going to rely on going forward and would explain to the jury why what's happened in this case and why the claims are against PADI and the Boy Scouts and the rest, rather than now holding up the complaint in which you'll never find any of those because the only allegations against them are two sentences in this apportionment cause of action, of which they don't really say much. And now we know, in addition, they're going to get up in front of

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the jury and say and we don't believe PADI was at fault.
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2
                THE COURT: All right.
                Mr. Gilchrist, on that point, what are you
3
    going to tell me, that it's customary to do this?
4
                MR. GILCHRIST: I'm not sure I quite tracked
5
6
    what he said. I'm not sure what he wants to do.
                                                       I'm
7
    sorry, so I'm not --
8
                THE COURT: I'm not entirely sure either,
9
    which was true the first time around, which is why I
10
    asked for additional comment. I've ruled on the main
11
    thing you want to do, but you also want to change your
12
    complaint quite a bit and remove all of those
13
    allegations that supported fault and wrongdoing against
    PADI. He doesn't think that's fair.
14
15
                MR. GILCHRIST: And also the Boy Scout
    provision.
16
                THE COURT: He doesn't think that's fair.
17
18
    And I guess because he thinks that the jury is going to
    be seeing the complaint? I'm not sure I understand
19
20
    exactly why you think this is so important to you,
    Mr. Waldbillig, either.
21
22
                MR. WALDBILLIG: The use of the allegations
23
    of the complaint that outline how the fault, outlined
24
    vicarious liability, outlined the agency, which --
25
                THE COURT: How do you get to use them
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better if that is still the complaint that controls the 1 2 case as opposed to this new sanitized version? 3 MR. WALDBILLIG: Well, and that's what I thought the court was asking me. To me, at that point, 4 5 if they want to add PADI in, then what the court asked 6 me was should we just add the one cause of action to the 7 original complaint. 8 THE COURT: Right. 9 MR. WALDBILLIG: And my response was yes, 10 because we should be able to keep the basis on which 11 they are going to apportion fault to PADI that they claim and also the basis of all of the other claims that 12 13 they're going to try and apportion, we should be able to use all those admissions and things that they've alleged 14 as we move forward in a defense of the Blue Water 15 16 defendants. 17 THE COURT: I think the only basis for 18 apportioning fault would be the evidence presented at 19 the trial, won't it, not what they've alleged, but what 20 they prove at trial? 21 MR. WALDBILLIG: We will use as part of our 22 motions -- we are going to file motions for summary 23 judgment -- exact factual allegations they have made in 24 the complaint as judicial admissions that they can't 25 retract, they can't go back against, we will also say

those are judicial admissions in that original complaint to show that we should be volunteers, and, if not, the court finds a question of fact, we want to be able to use those as alleged, they've alleged that. That's what they alleged.

THE COURT: Well, those don't vanish. It's not like one of those Etch-A-Sketch things and once you rip it up it's gone forever. It's still there, it was something they alleged at one point in time. That's what I was trying to explore with you earlier. They don't go away. That's just that the new complaint frames the issue in a different manner, and that doesn't eliminate your opportunity to explain that as appropriate under the Rules of Evidence to a jury.

MR. WALDBILLIG: Their complaint doesn't include all of the products liability claims, the failure to warn, the breach, all of the claims that were against PADI, none of those are in there. Now the only allegations you will find about the fault of PADI are only contained in two paragraphs, we signed a settlement agreement, if there's responsibility for anything that they have done, they should have to pay for it. All the rest of the allegations that they have made throughout the case are gone. Whether we can -- we'll see, I've not researched it, but to my mind once you have an

amended complaint, they'll argue no, we're dealing with 1 2 this complaint, that complaint's been superseded and 3 gone. THE COURT: Well, I think I've said at least 4 5 three times today it doesn't go away, it's still there. 6 Frankly, it will help the court if I have a complaint 7 that's current from which to prepare a pretrial order for purposes of anticipating what will be admissible and 8 9 pertinent to a trial. 10 MR. WALDBILLIG: The basis on which the 11 plaintiff has asserted their claim for apportionment, at 12 least against PADI, I suspect their argument against the 13 Boy Scouts, Boy Scouts they didn't sue, will be the basis of the original complaint, if it's still there. 14 If you allow the amended complaint that they're 15 proposing, what will their basis be that they'll pursue 16 17 for that apportionment of fault? There won't be 18 anything because they won't pursue it. 19 THE COURT: Only the facts that come in. 20 MR. WALDBILLIG: On the relevance of the 21 claims they made against PADI? I don't think they're 22 going to pursue the apportionment claim. What will 23 happen is PADI will pursue that. They have no interest 24 in it, so this is PADI pursuing it, not the plaintiffs. 25 THE COURT: And from what Mr. Gilchrist

said, the jury will be -- you'll be entitled to inform the jury that the settlement was reached, and the jury will understand why the plaintiff isn't pursuing with any vigor, or at all, claims of wrongdoing against PADI and why they're focused like a laser on you.

MR. WALDBILLIG: And the jury ought to be explained why PADI is now where PADI is basically with the plaintiff in this case, rather than the defendant and what PADI's interests and motivations are in what's going on in this case.

easiest thing in the world to understand. Why won't the jury understand that? Oh, the plaintiffs used to be blaming driver A and now they don't have any incentive to blame driver A anymore because they settled with them, and driver A here is also blaming driver B. I think that goes on all the time.

MR. WALDBILLIG: A year from now, Your Honor, when we are back here fighting over what the jury will be instructed, we won't be talking about all these things that they'll be instructed, they'll be instructed that they reached a settlement, the amount's not important, that's what they'll be told. I'm confident they will argue that that's all they need to be told.

THE COURT: It may be that the jury will be

told that the amount will not be divulged to them. 1 2 assuming that's probably the customary practice, that we don't put amounts, and the jury will be told that there 3 was a settlement reached. And Rule 408 doesn't keep 4 that out. 5 MR. WALDBILLIG: But will they be told that 6 7 the plaintiffs entered into a settlement agreement that 8 allowed PADI to stay in the case with them in order to 9 defend the case against Blue Water, and they'll never 10 get that detail. So the benefit of what the allegations 11 were in the original complaint versus what they are 12 claiming now will be lost. I don't believe that a year 13 from now when the court looks at this and says, well, I'm not going to tell the jury all that because none of 14 15 this is going to be fresh anymore, it will be long gone, and we will lose the issue about what really happened in 16 17 terms of the original complaint and what happened in the 18 amended complaint, what the allegations were. 19 THE COURT: All right. Anything else? 20 MR. GILCHRIST: We can have a jury 21 instruction about the settlement saying that even though 22 PADI is settling, it believes that Blue Water, Lowell 23 Huber, and Douglas acted improperly, and were the 24 primary, if not the sole cause of the event, we'll so 25 stipulate. I mean that's easy. If he wants really --

if he really wants that language, it would be bad for him. That would explain what happened and why they settled, they were protecting their good name. So that's -- sure, if he wants the jury to know that, we can stipulate, but that's a long way down the road.

THE COURT: Well, on the narrow issue of

whether the other allegations that have been changed from the first complaint to this proposed amended complaint, I will allow it. I am recognizing now that that does not eliminate the previous complaint from being referred to in all appropriate ways to explain something either to the court in a motion for summary judgment or, if it complies with the rules of evidence, to a jury during the trial.

I don't see how it's -- it's interesting, but I don't see how it's really unfair to a defendant like Blue Water, who wants to allocate fault to PADI, to allow PADI to defined itself against those allegations in the trial. I would think that it's rare that a defendant, a codefendant, wants to stick around and defend itself. But it also isn't unusual to expect a situation where a defendant would want to spend the money and time to defend its good name in a case where they're being blamed for something like a wrongful death. Blue Water seems to want to have the advantage

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    of being able to point a finger against PADI without
    letting PADI have any right to defend itself directly in
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    open court and to put that burden only on the plaintiff.
4
    So I don't know what's so wrong with this. I might be
    missing something, but I've ruled, the motion is
5
6
    granted.
7
                Did you say a year from now? Can't we get
    this done quicker than that?
8
9
                MR. WALDBILLIG: I can make it more
    specific, Your Honor, because the scheduling order
10
11
    says --
12
                THE COURT: Maybe it is a year from now.
13
                MR. WALDBILLIG: Final pretrial is
    September 21, 2015, the trial starts on October 5th.
14
15
                THE COURT: It is a year from now. Well,
16
    I'm sure you're going to have a delightful year
17
    together, and I will see you back here sometime between
18
    now and a year from now, if we hold that schedule.
19
                Thank you for your arguments. They have
20
    been very helpful and very good. If there's nothing
21
    else, we're in recess.
22
                 (Whereupon, the matter was concluded.)
23
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C E R T I F I C A T EState of Utah County of Salt Lake I, Karen Murakami, a Certified Shorthand Reporter for the State of Utah, do hereby certify that the foregoing transcript of proceedings was taken before me at the time and place set forth herein and was taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision; That the foregoing pages contain a true and correct transcription of my said shorthand notes so taken. IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of October, 2014. Karen Murakami Karen Murakami, CSR, RPR